



Australian Government

Australian Government response to the
Foreign Affairs, Defence and Trade References Committee
report:

Australia's relationship with Mexico

October 2016

INTRODUCTION

On 20 August 2015 the Senate referred the matter of Australia's relationship with Mexico to the Foreign Affairs, Defence and Trade References Committee for inquiry and report by 3 December 2015.

The Committee's Terms of Reference required it to report to the Parliament with particular reference to:

- a. Mexico's continued elevation in the global geo-political and economic order and its implications for Australia;
- b. opportunities for enhanced relations, including the potential for increased bilateral engagement and also through jointly held memberships such as the G20, APEC, OECD and MIKTA;
- c. potential opportunities for enhanced trade and investment ties, in particular those emanating from the proposed Trans-Pacific Partnership (TPP);
- d. scope for increased collaboration in the education sector and the potential for extending scholarship programs to Mexico;
- e. scope for increased trade and commercial exchange in the resources sectors with particular reference to hard rock mining and the Oil & Gas sector in the Gulf of Mexico;
- f. scope for cross investment and joint ventures in Australian and Mexican infrastructure projects; and
- g. any other related matters.

The Committee delivered its report, containing 13 recommendations, on 2 December 2015.

AUSTRALIAN GOVERNMENT RESPONSE

The Australian Government has considered the Committee's report and provides the following response to its recommendations.

Recommendation 1

The Committee recommends that the Department of Agriculture and Water Resources and Biosecurity Australia assign high priority to the import risk analyses for Mexican agricultural goods such as avocados, table grapes and limes currently awaiting import risk analysis. If the analyses cannot be concluded before the end of 2016, the committee requests a written explanation outlining the reasons for delay and providing an expected date of completion for each product.

The Government notes the Committee's recommendation.

The Department of Agriculture and Water Resources (DAWR) has focussed its resources on Mexico's highest market access request priority which is table grapes. DAWR released the draft report for the non-regulated analysis of existing policy for table grapes from Sonora, Mexico, on 13 January 2016 for a 30 day stakeholder consultation period. The draft report and related documents are available on the DAWR's website. Five submissions were received on the draft report, including from Mexico's National Plant Protection Organisation and four Australian state government agriculture departments (Western Australia, Victoria, Queensland and New South Wales). DAWR will consider all stakeholder submissions received before issuing a final report.

As work is ongoing for Mexico's highest priority import risk analysis request, in addition to work on priority import requests from other key markets, work is not being conducted on avocados or limes at this time. Once table grape considerations are finalised, next priorities will be considered in consultation with Mexico.

Recommendation 2

The Committee recommends that the Department of Foreign Affairs and Trade, working with Mexican authorities, develop a strategic plan for the establishment of direct flights between Mexico and Australia by 2020. The strategic plan should incorporate consultation with airlines, tourism industries in both countries, and ANZMEX and should be presented to the Parliament before December 2016.

The Government notes the Committee's recommendation.

The Government has already put in place all of the regulatory framework needed for direct flights to commence between Australia and Mexico. It is now up to airlines to make commercial assessments as to whether to commence direct flights.

Specifically, air services with Mexico are enabled by a treaty-level Air Services Agreement signed in 2010. Under current air services arrangements, airlines can operate direct flights between Australia and Mexico.

As the legal framework is already in place, the Government considers that a decision to operate direct air services between Australia and Mexico is one to be made by airlines based on commercial imperatives.

While there are currently no direct air services between Australia and Mexico, both Qantas and Virgin Australia have code-share arrangements on flights between the United States and Mexico.

Recommendation 3

The Committee recommends that the Australian government work to grant Mexican travellers eligibility for the eVisitor visa before the end of 2016. If this is not possible, the Committee requests a written explanation outlining the reasons for delay and providing an expected date of completion.

The Government notes the Committee's recommendation.

eVisitor (subclass 651) was created to support arrangements Australia negotiated with the European Union. As such it has been available only to citizens of European Union countries, Andorra, Iceland, Lichtenstein, Monaco, Norway, San Marino, Switzerland, and the Vatican City, and it was not envisaged that it be extended to any other countries.

Mexican passport holders can apply online for a Visitor visa (subclass 600), and have been able to do so since May 2014. The Visitor visa allows people to visit Australia for both tourism or business visitor purposes, and its validity period can be longer than the eVisitor (subclass 651).

The Department of Immigration and Border Protection is also, as part of a broad, strategic review of the visa framework, considering ways in which the Visitor visa framework could be improved for all nationalities in the long-term, including Mexico. It is, however, unlikely that additional countries will be added to the eVisitor eligibility list as a result of this review.

Recommendation 4

The Committee recommends that the Australian government work with Australian businesses to raise awareness of the risks and benefits of doing business in Mexico and to dispel exaggerations of risk with regards to security and corruption in Mexico.

The Government supports this recommendation and wishes to advise the Committee that measures along these lines are already being undertaken.

In respect of risks regarding security, prior to travelling to Mexico Australians are strongly encouraged to read the travel advice provided on the Smartraveller website by the Department of Foreign Affairs and Trade. It is recommended that all overseas travel, including to Mexico, be registered on Smartraveller.

Providing practical and timely information to Australian businesses regarding business conditions in Mexico including security and corruption issues is a priority for Austrade. In order to do this effectively Austrade maintains a number of valuable local relationships with key risk consultants including Control Risks, Emerging Markets Political Risk Analysis (EMPRA) and the major accounting firms. In addition, Austrade regularly consults with the independent think-tank, the Mexican Institute for Competition (IMCO) on a range of 'rule of law' issues.

Austrade also provides information on doing business in Mexico online at <http://www.austrade.gov.au/Australian/Export/Export-markets/Countries/Mexico/Doing-business>

The Australian Embassy in Mexico City, including the Trade Commissioner, maintain regular contact with Australian industry bodies, relevant chambers of commerce, State and Territory Governments, and other stakeholders to raise awareness of opportunities and challenges in the Mexican market and to dispel any unfounded concerns. A range of social networks (including Facebook and LinkedIn) are also utilised to communicate major developments in Mexico.

Reports, such as 'Mexico: Gateway to the Americas', which was released in February 2016 by the Export Council of Australia will also assist to raise awareness of the risks and rewards of conducting business in Mexico. Previous governments have also sought to raise business awareness of Mexico. For example, as long ago as 2002 the Council on Australia-Latin America Relations in conjunction with the Department of Foreign Affairs and Trade released the publication "Doing Business in Mexico".

Recommendation 5

The Committee recommends that the Australian government work together with Australian universities to review the accreditation of existing Mexican qualifications and achieve mutual recognition of qualifications by 2020.

The Government accepts this recommendation in principle.

In Australia, the recognition of overseas qualifications for study and employment purposes is decentralised. Each education institution and professional recognition authority establishes its own policies and processes for qualifications recognition, including the establishment of mutual recognition arrangements. Professional and industry bodies, registration and licensing authorities, state and territory governments and employers are responsible for the recognition of overseas qualifications for employment purposes, which usually involves the assessment of overseas qualifications and skills against the standards required for employment in the relevant occupation in Australia. The recognition of overseas qualifications for study purposes is under the remit of Australian education institutions which are autonomous entities that determine their own policies for admission and recognition.

The Government will continue to work through the Department of Education and Training (DET) with recognition organisations to have transparent, equitable and timely assessment arrangements in place. DET will continue to provide information and support services through the Country Education Profiles (CEPs), an online qualification recognition tool designed to help relevant authorities to recognise overseas higher education and postsecondary technical and vocational educational qualifications. These profiles provide non-binding information on the comparability of overseas qualifications from around 130 countries, including Mexico.

Recommendations on the comparability of overseas qualifications are based on in-depth analysis of a range of quantitative and qualitative education indicators.

DET has also committed additional resources to expanding education cooperation with Mexico. In August 2014, DET appointed an Education and Science Counsellor to Latin America. This led to the signing of a new Memorandum of Understanding in Education, Research and Training in April 2015 with Mexico, and a joint education committee is being established.

Activities undertaken and underway with Mexico to increase mutual understanding and awareness of qualifications frameworks and recognition arrangements include:

- hosting an official from the Mexican Ministry of Public Education, in August 2015, to help increase their understanding of Australia's qualification framework and recognition arrangements; and
- sharing best practices and increasing mutual understanding in 2016 through occupational standards by hosting the APEC Technical Vocational Education and Training (TVET) Project with Mexico (and the other Pacific Alliance countries). The project will build skills in the area of transport and logistics and include developing occupational standards as well as equipping trainers with new skills through the new International Skills Training TVET training and assessment course.

The first meeting of the joint working group and agreement on joint activities will both take place in 2016. Work will include building on the qualification framework and recognition activities already undertaken as well as joint activities to support greater cooperation in education between Australia and Mexico.

The Government also places considerable importance on bilateral, regional and multilateral trade negotiations, with free trade agreements such as Trans-Pacific Partnership providing opportunities to deepen engagement in education and training between countries like Australia and Mexico. These agreements are also valuable in supporting the recognition of qualifications internationally and can play a role in providing trained professionals with more transparent and predictable operating conditions in overseas labour markets.

Recommendation 6

The Committee recommends that the Australian government allocate additional funding for initiatives to promote Australian VET services in Mexico.

The Government supports this recommendation and wishes to advise the Committee that measures along these lines are already being undertaken.

The promotion of Australian vocational education and training (VET) services is a priority for Austrade's office in Mexico, along with the recruitment of Mexican students for study in Australian institutions.

Austrade's overarching strategy across Latin America is to position Australia's research, education and training expertise in specific sectors such as energy, mining, agri-food, water and health – sectors that are a priority for governments in the region and in which Australia has world-leading capability not just in human capital development but also across equipment, technology and services. In Mexico, opportunities in the advanced manufacturing sector are also relevant.

Austrade's office in Mexico has identified significant demand for skilled workers and for industry-led competency-based training systems, and is exploring opportunities for Australian VET providers to be involved in the delivery of training using Trans National Education (TNE) models, particularly in the oil and gas and agri-food sectors.

Significantly, this year the Council of Australia Latin America Relations (COALAR) is funding the Australian Council for Private Education & Training (ACPET) to undertake a mission to Mexico in order to scope opportunities for Australia's VET sector in Mexico. This mission is scheduled to take place in the final quarter of this financial year with the support of Austrade's office in Mexico. It follows a previous visit in 2014 by TAFE Directors Australia and should be most effective in unlocking opportunities for Australian VET providers.

Recommendation 7

The Committee recommends that the Department of Foreign Affairs and Trade consider whether there is scope to extend the New Colombo Plan to include Mexico as a destination country.

The Government notes the Committee's recommendation.

The New Colombo Plan is a signature initiative of the Government that aims to lift knowledge of the Indo-Pacific in Australia by supporting Australian undergraduates to study and undertake professional experiences in the region. It was inspired by Australia's experience under the original Colombo Plan, where over a 30 year period, thousands of students from neighbouring countries came to study in Australia.

Australia's geographic region is the focus of the New Colombo Plan as it is crucial to Australia's future economic, trade and diplomatic interests. The 38 current eligible study locations, encompassing South Asia, North Asia, South East Asia and a number of Pacific Island countries, provide a strong and coherent regional focus for the program.

The New Colombo Plan is still at a relatively early stage of implementation and 2015 was the first year of the full roll-out of the program. Student numbers are still scaling up. The Government is of the view that it is preferable to embed the program in its current form before considering major changes, including to the geographic scope of the program.

At the same time the Government is committed to increasing the number of Australian students studying overseas globally and continues to make a significant investment in supporting undergraduate, postgraduate and vocational education and training (VET) students to study overseas, through Endeavour Mobility Grants.

The Government, through the Department of Education and Training (DET) offers three programs that support student mobility to Mexico which provide short-term study for Australian VET students, short-term and semester study for Australian higher education students, and semester study for students from Mexico (to study in Australia).

Recommendation 8

The Committee recommends that the Department of Immigration and Border Protection appoint additional panel physicians in key Mexican cities to reduce delays to international student medical examinations.

The Government does not accept this recommendation.

Presently, there are three panel sites in Mexico that conduct immigration medical examinations for Australia-bound clients including Mexico City, Guadalajara and Ciudad Juarez. Approximately 1,500 cases were completed by the three panels in the Programme Year 2014-2015 – an increase of about 300 cases from the previous financial year and easily accommodated within the current capacity.

Each panel site comprises panel physicians and radiologists and is deemed to have sufficient capacity to undertake additional cases, particularly during the student peak periods as well as utilising locum panel doctors during peak periods. No delays in appointments are currently experienced with all clients being seen generally within a few days and the ability to take same day appointments if urgent.

Historically panel services were provided in three other locations: Mexicali, Merida and Monterrey. However, the low volumes in these sites (for instance before removal in 2012 Monterrey undertook only five medicals in a six month period) meant quality standards were not complied with and significant concerns arose around integrity issues. To maintain standards a minimum number of medicals is required which is deemed to be at least 150 per doctor per annum. Furthermore Australia utilises an eMedical platform that is costly for panel physicians to have in place and each additional panel member raises the support costs for the Department of Immigration and Border Protection.

Recommendation 9

The Committee recommends that the Department of Immigration and Border Protection review its current student visa provisions to reduce visa application processing times for Mexican students.

The Government supports this recommendation and wishes to advise the Committee that measures along these lines are already being undertaken.

The Department of Immigration and Border Protection conducted a comprehensive review of the Student streamlined visa processing arrangements during the 2014-15 programme year. Following this review, the Government announced on 16 June 2015 that it intended to introduce a simplified student visa framework (SSVF) from July 2016. The SSVF is expected to make the visa application process simpler to navigate for international students, including those from Mexico.

Recommendation 10

The committee recommends that the Australian government actively encourage research collaboration between Australia and Mexico and that more resources be made available to Australian universities and research institutions to facilitate this collaboration.

The Government supports this recommendation and wishes to advise the Committee that measures along these lines are already being undertaken.

The Government is actively engaging with Mexico to increase mutual understanding of each country's research systems, identify strengths and opportunities, and raise awareness of programmes to support international cooperation in research.

Since the appointment in 2014 of a new Education and Science Counsellor in Latin America, interested Government departments collaborated to facilitate the signing in 2015 of a Memorandum of Understanding between the Australian Academy of Science and the Mexican Academy of Sciences to support cooperation between Australian and Mexican researchers.

Steps have also been taken to promote awareness of the substantial funding already provided by the Government to support research, including international research collaboration. This includes the research funding provided to universities, including for the International Postgraduate Research Scholarships, and to publicly funded research agencies like the Commonwealth Science and Industrial Research Organisation, as well as the funding which the Government makes available through the competitive grants processes administered by the Australian Research Council and the National Health and Medical Research Council.

Through DET, the Government provides Research Block Grants (RBGs) to universities to support the indirect costs of Australian competitive grants, end user research and research training. RBG funding is not tied to specific funded projects, allowing universities to make strategic decisions on their research investments, including international collaboration. RBG funding also includes the International Postgraduate Research Scheme, which provides funding for international postgraduate students to work in areas of research strength in the Australian higher education sector.

DET also administers OS-HELP which is a loan available to eligible students enrolled in a Commonwealth supported place who want to undertake some of their study overseas. OS-HELP can be used for a range of expenses such as airfares, accommodation, and other travel or study expenses.

DET is also raising awareness of the Endeavour Scholarships, Fellowships, and Mobility Grant programmes in Mexico. These programmes provide opportunities to nurture international education and research collaboration through student, academic, professional and research exchanges.

DET is also working regionally, including through the Asia-Pacific Economic Cooperation (APEC) which includes Mexico, to promote greater international research collaboration in the Asia Pacific region. The Australian Government launched the Australia-APEC Women in Research Fellowship in 2015. Up to 10 fellowships per year are offered for female post-doctorate researchers to work in partnership with an Australian education institution to undertake a research project. One Mexican was awarded a fellowship in the first round to undertake research into the drought tolerance of plant species at the University of Technology Sydney.

In addition, to boost research collaboration across the region, DET hosted the Australia-APEC Researcher Mobility Workshop in Jakarta in December 2015 to bring together government officials and university leaders from APEC economies to explore ways to support increased mobility of researchers, and enhance research innovation. This workshop yielded a number of suggestions for future work and Australia, through DET, has the support of APEC economies to lead two further projects – one on collecting information on the scale and scope of researcher mobility in the APEC region and one on researcher integrity. DET will continue to work with all APEC economies on collaborative projects and activities.

In July 2016, a representative of the Australian Government’s Australian Research Council (ARC) travelled to Latin America visiting a number of countries, including Mexico, and met with senior government officials and university representatives to provide in-depth information about how the Government supports research and evaluates the quality of research at Australian universities. Discussions also addressed opportunities for the support of international research collaboration available under ARC funding schemes.

Many stakeholders in Mexico, including the National Council of Science and Technology (CONACYT), the Mexican Academy of Sciences, and the Monterrey Institute of Technology and Higher Education, indicated interest in identifying potential Australian partners for research collaboration and acquiring a greater understanding of the methodology underpinning the Excellence in Research for Australia evaluation process. Follow up activities are underway.

The Government has a clear commitment to growing international cooperation in education and research and diversifying Australia’s global engagement by building relationships with key Latin American countries, including Mexico. The Government will continue to actively collaborate with Mexico to increase mutual understanding of education and research policies, systems and reforms and to support the development of institutional partnerships and scholar, academic and researcher exchanges.

Recommendation 11

The Committee recommends that additional resources be allocated to Austrade to raise awareness of the significant value chain opportunities in the Mexican automotive sector (and advanced manufacturing more broadly) and assist Australian suppliers of OEMs and automotive aftermarket to quickly and effectively engage with the Mexican automotive market.

The Government supports this recommendation and wishes to advise the Committee that measures along these lines are already being undertaken.

Given the size of Mexico’s advanced manufacturing sector, the identification of business opportunities for Australian companies in its automotive and aerospace industries and in advanced manufacturing value chains more generally is a major priority for Austrade’s office in Mexico City in 2015-16 and beyond.

In the automotive sector, Austrade is targeting opportunities for Australian suppliers to OEM manufacturers and to the automotive aftermarket, and is working closely with key industry stakeholders such as the Federation of Automotive Parts Manufacturers (FAPM), the Australian Industry Group (AiGroup), the Victorian Government, ProMexico (Austrade's Mexican counterpart) and the Mexican Business Council for Foreign Trade, Investment and Technology (COMCE).

In April 2016, Austrade will team with AiGroup to conduct a trade mission to a major automotive show and to tour the key industrial states in the Bajio region of Mexico, in order to meet major automotive suppliers and key Government officials who are central to supporting foreign investment in the sector.

In aerospace, Australia has significant niche expertise across the value chain, particularly in component manufacture and in maintenance, repair and operations (MRO), and this expertise aligns neatly with Mexico's position as a regional aerospace manufacturing hub. Austrade is focusing on potential opportunities in this sector with a view to organising a trade mission in FY 2016-17.

Recommendation 12

The Committee recommends that additional resources be allocated to the Australian diplomatic and Austrade posts in Mexico, particularly the provision of additional specialised staff to assist Australian small to medium enterprises wishing to enter the Mexican market in the wake of the Trans-Pacific Partnership.

The Government notes the Committee's recommendation.

The Government is committed to ensuring that Australian businesses, and particularly small and medium sized enterprises (SMEs), are fully aware of, and able to capitalise on, business opportunities that emerge as a result of free trade agreements such as the Trans Pacific Partnership (TPP). This will be a focus for Australia's diplomatic mission and the Austrade office in Mexico and in other TPP signatory countries in the lead-up to and following implementation of the agreement.

In the absence of additional staff, which is a resourcing question, Australia's diplomatic mission and the Austrade office in Mexico City will reprioritise the work of existing staff to assist Australian business to take advantage of opportunities provided under the TPP.

Recommendation 13

The Committee recommends that the Department of Foreign Affairs and Trade and Austrade work with the Export Council of Australia to develop a suite of practical, user-friendly tools to assist Australian small to medium enterprises, especially service companies, understand and utilise the Trans-Pacific Partnership.

The Government supports this recommendation.

The Department of Foreign Affairs and Trade (DFAT) and the Australian Trade Commission (Austrade) work closely together to inform and prepare industry for the implementation of all free trade agreements entered into by Australia, including the Trans Pacific Partnership (TPP). In the lead-up to implementation of TPP, DFAT and Austrade will work closely with the business community, including relevant industry bodies, on a program of activities to raise awareness and encourage utilisation of the agreement once it has entered into force. These activities are likely to include information seminars and workshops both onshore and offshore, as well as practical tools to assist SMEs to capitalise on business opportunities that result from the TPP in Mexico and in other signatory countries.

Further, DFAT will be providing input and assistance to the Export Council of Australia (ECA) in the development of its series of “trade policy workshops” to be held in May in Sydney, Melbourne, Perth and Brisbane. The workshops are intended to be practical and informative about how businesses can use FTAs including the TPP.

In respect of Austrade’s broader relationship with the ECA, it is important to note that Austrade has provided significant support to the ECA in the development of a landmark report ‘Mexico: Gateway to the Americas’ that was released in February 2016. Austrade expects this relationship will continue to flourish given the rising importance of the market for Australian businesses.

